

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

September 16, 2009

The meeting convened at the office of Atascadero Mutual Water Company, 5005 El Camino Real, Atascadero, at 6:30 p.m., President Jackie Lerno presiding. Others present were Directors Leroy Davis, Robert Jones, and Brien Vierra, General Manager John Neil, and Secretary Cheryl Powers. Vice President Frank Platz was absent.

PUBLIC COMMENT:

There was no public comment.

APPROVAL OF MINUTES:

A motion was made and seconded to approve the minutes of the regular meeting of July 15, 2009. The motion carried 4 to 0.

The following reports were reviewed:

OPERATIONS REPORT:

The Operations reports were available for review. The General Manager reported most wells are operational except Well 12 which is out of service and being repaired. He reported that there would be a problem meeting daily demand if a well failed at this time. However, he stated that since AMWC's equipment is well maintained, he felt there is a low probability not being able to meet demand as we enter the lower-use, fall months. He also noted that the water levels in the deep wells are the lowest they have been since 1990 due to significantly low rainfall the past three years.

FINANCIAL REPORT:

The Financial reports for July were available for review. The General Manager reported that operating revenue is slightly ahead of what was budgeted for this time of year and expenses are on track. He reported that capital expenses will be increasing due to upcoming capital projects.

CONSERVATION REPORT:

The Conservation report was available for review.

The Manager's Report was available for review as follows:

DROUGHT WATER RATES:

The change in revenue in August due to the drought water rates is about the same as it was for July, approximately \$24,000.

WATER DEMAND:

The drop in demand has remained consistent at 14% – 15% compared to last year's demand.

COMMERCIAL INSURANCE PACKAGE:

Staff researched and reviewed two proposals and purchased a commercial insurance policy through the National Association of Water Companies (NAWC) instead of renewing with Rural Special Districts (RSD), resulting in a savings of approximately \$25,000. The policy went into effect September 1 and provides better and broader coverage than the RSD policy did. The fiduciary policy is separate from the commercial policy and was renewed with the same carrier.

LEAD AND COPPER RULE COMPLIANCE:

The last round of in-home samples for lead and copper showed that AMWC exceeded the allowable copper action level. The Department of Public Health has approved AMWC's request to use an orthophosphate blend to resolve this issue, which staff has implemented. Testing with copper coupons to measure corrosion will be done to monitor the effectiveness of the program.

NACIMIENTO WATER PROJECT (NWP):

In August there was a fatality of a construction worker on the project. According to the Project Manager, the project is ahead of schedule (80% complete) and under budget.

NWP RECHARGE & RECOVERY BASINS:

The grading for the basins is complete, the pipeline from the NWP turnout and the ponds is complete, and test borings for the recovery wells show water-bearing formation depths are greater than anticipated.

FACILITY EXPANSION:

Footings have been poured, the mass grading is complete, and design work continues on the administration building.

TECHNOLOGY IMPROVEMENT PROGRAM:

Conversion and cut-over to the new financial information system is scheduled for November 1, and the new customer information system will be implemented in the next phase.

COUNTY RESOURCE CAPACITY STUDY:

Fugro has been hired to update the 2002 groundwater basin plan in order to provide accurate data for the County's Resource Capacity Study. The County, AMWC, City of Paso Robles, Templeton CSD, and the city of Atascadero have agreed to an approach for the report and will divide the \$64,200 total cost of the update equally.

NEXT MEETING DATE AND TIME:

The next meeting is scheduled for October 21, 2009, at 6:30 p.m.

The following old business was discussed:

FACILITY EXPANSION PROJECT: (added to the agenda at meeting)

Frank Seiple, AMWC's architect for the project, presented the proposed colors for the block walls and roof of the new shop building. The Board agreed that the colors presented by the architect should be used and are similar to those presented to the City for the Conditional Use Permit.

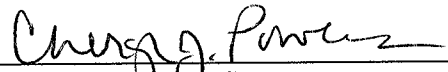
The following new business was discussed:

SCHEDULE OF RATE AND CHARGES:

The General Manager reported that he performed analysis for the charges that are not reviewed annually to determine what the current cost is to provide those services. He specifically noted that when he calculated the cost of the standby rate, the current rate of \$5.00 per month should be increased to \$10.00. In addition, the after-hours turn-on fee of \$50.00 actually costs AMWC \$100.00 for labor and equipment. He referred to the Tables included in the agenda item for other various rates and charges, and there was discussion regarding other rate changes.

A motion was made and seconded to adopt the rates proposed in Tables 1, 2, and 3 of the staff report, with the exception of increasing the after-hours turn-on fee to \$100.00 instead of \$75.00, and to give shareholders a 60-day notice of the rate changes, which will become effective November 16, 2009. The motion carried 4 to 0.

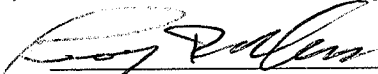
The meeting was adjourned at approximately 7:15 p.m.

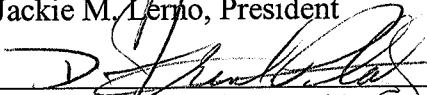

Cheryl J. Powers, Secretary

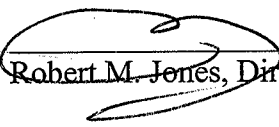
APPROVED:

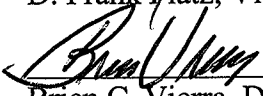
The undersigned directors of the Company approve the foregoing minutes of directors and acknowledge notice of the meeting or, if notice was not properly given, waive notice of the meeting.


Jackie M. Lerno, President


Leroy R. Davis, Director


D. Frank Platz, Vice-President


Robert M. Jones, Director


Brien C. Vierra, Director